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STATE FOR INS/CPI/MCGEEHAN, EUR/CE/LAMORE, T, NEA, INR,
EEB/ESC COULTER, S/CT, INL

E.O. 12958: DECL: 11/12/2013
TAGS: [PARM](#) [PREL](#) [EFIN](#) [KNNP](#) [HU](#)
SUBJECT: DEMARCHE DELIVERED: LEVERAGING FATF STATEMENT ON
IRAN INTO NATIONAL ACTION

REF: A. STATE 115523
[1](#)B. STATE 121356

Classified By: POL/ECON COUNSELOR ERIC GAUDIOSI FOR REASONS 1.4 (B) AND
(D)

[1](#)1. (SBU) Embassy delivered ref a demarche to Ministry of Finance Department of International Relations Head of Unit Dr. Krisztina Kovacs and Ministry of Foreign Affairs European Legal Department Head of Unit Szilvia Balasz. Both ministries were aware of the FATF guidance, and noted the recent EU adoption of Iran Sanctions legislation related to UNSCR 1803. The Finance Ministry expects that the Financial Supervisory Authority will take steps along the lines of those outlined in the FATF guidance and reftel to protect the Hungarian financial sector from the illicit finance risk emanating from Iran, but could not offer anything more specific. The MOF also expects the Supervisory Authority to inform banks of the FATF guidance, and to publish the FATF guidance on its website, which it regularly does with FATF recommendations ([english.pszaf.hu](#)). The MOF and MFA promised to provide information on additional preventative measures undertaken relating to the implementation of UNSCR 1803.

[1](#)2. (U) On November 18, Econoff also delivered ref b information relating to the Treasury Department revocation of Iran's U-turn general license to the Ministries of Finance and Foreign Affairs.

[1](#)3. (C) Comment: Hungary has been a consistent and reliable partner in the fight against terrorism finance, but much of the Finance Ministry's attention is understandably focused on addressing Hungary's ongoing financial crisis and implementing the IMF stabilization package. Approximately 80 percent of the banking sector in Hungary is made up of subsidiaries of foreign banks, primarily from Austria, Italy, Belgium and Germany. Some of the parents of these banks are among those identified reftel as providing large volumes of correspondent banking services to Iranian banks. Post has no information regarding the volume of correspondent banking services - if any - provided to Iranian banks by Hungarian subsidiaries of these banks. End comment.
Foley